

BABSON ADS GAIN IN RAILWAY STOCK

Circular on Common Shares.
Plea for Small Banks.
Local Market.

BY I. A. FLEMING.

Who is responsible for the advance in Railway common shares to \$50 a share?
Roger Babson, Babson's confidential bulletin, No. S-24, June 1922, to be exact. This publication contained a very strong article on Railway common shares under the side caption: "Buy Railway and Electric common" followed by the following comment: "The Washington Railway and Electric Company controls the principal street railways in the District of Columbia, operating 17 miles of track, against sixty-nine miles operated by the Capital Traction Company. The Washington Railway and Electric Company is the only electric lighting company operating in the District of Columbia. It consists of a funded debt of \$17,471,350, most of which is composed of long-term bonds, a 5 per cent cumulative preferred stock issue of \$5,000,000, and a common stock issue of \$5,000,000, par value \$100. The record of earnings and dividends for the past ten years is given in the following table:

Year	Balance carried forward	Gross earnings	Amount paid in dividends	Amount carried forward
1912	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1913	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1914	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1915	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1916	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1917	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1918	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1919	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1920	\$4,443,828	\$900,730	\$9,24	\$4,443,828
1921	\$4,443,828	\$900,730	\$9,24	\$4,443,828

Note—Official investigation developed the fact that Babson in making the computation for last year's earnings of common stock had neglected to take in profit and loss debit figures of some \$300,000, which would actually reduce the earnings of common stock to a little over 12 per cent.

Also the latest information regarding the cut-rate price of electric light to 8 cents as compared with the 16 cents, is that \$3,000,000 is impounded in the fund, and that there is a good profit in the bonds at present high prices.

With these exceptions the story in the Babson circular is said to be O.K. conclusion, the Babson circular says: "It is very evident that the company's substantial earning power and that in the normal course of events dividends may again be looked forward to in the next year or so. The company is an added speculative feature to the stock, due to the fact that the Potomac Electric Power Company is holding in escrow a fund of more than \$2,000,000 equivalent to nearly \$40 a share, which may revert to the common stockholders. The Public Utilities Commission established rates in 1915 on the basis of the 1914 valuation. The company's earnings for 1915 up to the date of the commission's action.

The Court of Appeals last November, however, reversed the decision of the commission and upheld the company's contention. The commission has, we understand, appealed to the United States Supreme Court. The company is collecting 10 cents per K.W.H., of which it keeps 8.075 cents, and places the balance in the fund above mentioned pending the outcome of the case. If the company loses it will simply have to turn over this fund, and therefore, under the bill, assets of at least \$250,000 are necessary; but, I think that conservative bankers would save \$275,000 capital assets, it may be fairly assumed that deposit of \$1,500,000 is essential. There are a number of useful and needed community banks in Washington that haven't much over half that amount of deposit, and the territories occupied by them are profitable and therefore do not seem just.

"I have suggested to Mr. Millespaugh, who seems to understand the situation in Washington, that the compromise be effected whereby existing banks may at the end of three years continue to operate for another two years with a capital of one hundred thousand and that at the expiration of five years requirement of one hundred thousand dollars capital and one hundred thousand surplus may be required.

"The suggestion made will be a test as to whether banks are profitable and, if they prove to be profitable, it argues for their continuance.

"This, however, is made on my part as a plea that several of the smaller and well managed banks in the city be not forced out of business. It is absolutely no need of additional bank capital in Washington. The institution that I represent has been able to do this in this neighborhood, and does not now have use for any further capital, nor will it have use for more capital, except such as accrues in the surplus through a policy of not paying dividends until the surplus shall equal its capital. On behalf of some other institution as well as ourselves, we enter a plea for your earnest consideration and a fair deal. Perhaps the city can be saved."

Personal Mention.
Mr. and Mrs. F. M. Savage leave this afternoon for a long voyage which will keep them in South America and other foreign lands until next October.

Albion K. Parris has returned to Washington looking much improved in health after a tour of France, England, Egypt and the Holy Land. Milton E. Allen is in New York.

On the Stock Exchange.
On the Stock Exchange today the sales made were at strong prices. Railway common was sold again at \$45. Capital Traction was strong at \$45. Washington Gas today at \$45. Bonds were strong at 94 1/2 for Gas 5s, 100 for Potomac debenture 6s and 74 1/2 for Railway 4s.

CLIMBING MATERIAL COSTS THREATEN DETROIT BUILDING

Employment Figures, However, Indicate No Industrial Slackening—Sales Show Steady Gain.

BY PHIL S. HANNA.

Special Dispatch to The Star.
DETROIT, June 16.—Steel, lumber and other building materials have increased rapidly in price in this section. This has created a feeling of hesitation in certain quarters. Some builders profess that costs of materials and labor have gone so high as a result of the sudden demand upon producers that there should be a waiting spell in building construction to enable prices to settle to more stable levels.

In spite of this, building permits issued in the last week totaled \$2,181,000, as compared with \$2,172,000 the week before. Other business statistics show no reason for a change of heart as to the favorable business outlook. The employment report figures indicate no industrial slackening. A total of 24,000 workers were employed last week, an increase of 5,200 over the previous week.

Automobile dealers report a steady increase in sales to retail customers. The report of the state bank superintendent indicates how these sales are possible. Total deposits in all banks in the state for the week ending June 10, 1922, show an increase of \$9,000,000 over the figures at the close of March, while loans show a decrease of \$3,500,000. The banks, moreover, have cut down their borrowings from the federal reserve system from \$24,000,000 to \$18,000,000, and many of them are out of debt.

Much Cash in Circulation From Fruit Crops in Georgia
BY ESTER DOREMUS.

Special Dispatch to The Star.
ATLANTA, June 16.—The peach, watermelon and cantaloupe crops are now beginning to move freely from this state and thousands of dollars have been put into general circulation by their sale this week. The harvesting of these crops and the making of the cotton crop have just about emptied the cities of unemployed and both skilled and unskilled labor is difficult to secure. The high price of cotton and the plentiful supply of money has given new impetus to both wholesale and retail trade in this section, and leading bankers declare conditions much improved over a month ago. The hand-to-mouth policy has given way to a better volume of orders from retailers and rural merchants are buying for fall in fair volume. Collections of old debts appear to have been largely liquidated. Home building here is fast wiping out the house misplacement and as a result there is already talk of a 20 per cent reduction in rents of apartments on Skidmore street. The cotton rail commission today issued an order to the Georgia Railroad and Power Company, which operates the railroad and electric lines in this city and its environs, to show cause why local and suburban rates should not be lowered further.

Shortage of Common Labor Reported in St. Louis Area
BY J. N. FINING.

Special Dispatch to The Star.
ST. LOUIS, June 16.—There is a decided shortage of common labor in the St. Louis area, according to reports from the agricultural districts, and the demand has been supplemented in all lines of manufacture. This is not an actual general labor shortage, but rather a misplacement of labor as a result of the abnormalities of the recovery from depression. In many cities the construction program is under forced draft, with prices for materials ascending rapidly and wage reductions being neutralized by bonuses offered in order to secure a sufficient supply of skilled and semi-skilled labor. The larger building operations projected have hardly begun. Wholesale and retail business is reflecting the industrial revival. Merchants are clearing up old accounts and buying in large volume. Stocks are still low, and future buying is expected to be very heavy. The manufacturers of building materials, including iron and steel, lime and cement, sand, brick, glass, lumber, hardware, paints and roofing are steadily and constantly increasing the forces at work and the output of their plants. Orders of shoe kitchen utensils and men's and women's ready-to-wear clothing, also are busy and speeding up their production programs.

Commodity Reports From Various Sections

Automobiles.
CLEVELAND, June 16 (Special).—Grant Motors officials announce that orders have been received for a large number of cars from eastern points. Bankers here declare that the announcement indicates that another company has safely passed the period of readjustment. The company is now operating on a schedule of twenty to twenty-five cars a day.

Dry Goods.
PHILADELPHIA, June 16 (Special).—Local department stores are finding continued difficulty in disposing of women's garments of this season's style, whereas the demand for short skirts continues.

Fruit.
HALIFAX, June 16 (Special).—Apple orchards in Nova Scotia are in full bloom and if no serious frosts occur a bumper crop is expected.

Wool.
HELENA, Mont., June 16 (Special).—Best Montana fine wools are selling around 40 cents a pound and for extra choice clips a few cents more occur. The demand for extra choice clips of Montana medium are bringing from 33 to 35 cents.

Shoes.
SEATTLE, Wash., June 16 (Special).—Retail shoe trade in this section is restricted largely to 45 and 46 shoe for men. Leading retail shoe stores in several cities are selling men's shoes for \$6.50, guaranteeing that they are of equal quality to shoes which sold at \$12 at the war peak.

Coal.
CONNEVILLE, Pa., June 16 (Special).—Coal loadings in this section have shown a slight increase in last week, running up to 23 per cent of normal as against a low of 13 per cent during the previous week. Blanches in several cities are selling men's shoes for \$6.50, guaranteeing that they are of equal quality to shoes which sold at \$12 at the war peak.

Paint.
PHILADELPHIA, June 16 (Special).—Paint manufacturers in this section report a decided increase in business activity and are operating with greater activity.

Men's Furnishings.
SEATTLE, June 16 (Special).—

SHORT-TERM SECURITIES.
(Reported by Redmond & Co.)

Securities	1922	1921
Aluminum Co. of Amer. 7 1/2	100 1/2	100 1/2
American Tel. & Tel. 7 1/2	100 1/2	100 1/2
American Tobacco Co. 7 1/2	100 1/2	100 1/2
American Express Co. 7 1/2	100 1/2	100 1/2
Armour & Co. 7 1/2	100 1/2	100 1/2
Bank of Montreal 7 1/2	100 1/2	100 1/2
Canadian Pacific 7 1/2	100 1/2	100 1/2
Cons. Gas of N. Y. 7 1/2	100 1/2	100 1/2
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Copper Export 7 1/2	100 1/2	100 1/2
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Cudahy Packing Co. 7 1/2	100 1/2	100 1/2
First Nat. Bank 7 1/2	100 1/2	100 1/2
Gen. Elec. Co. 7 1/2	100 1/2	100 1/2
Goodrich & Co. 7 1/2	100 1/2	100 1/2
Humble Oil & Ref. Co. 7 1/2	100 1/2	100 1/2
Kansas City Term. 7 1/2	100 1/2	100 1/2
Lehigh Valley 7 1/2	100 1/2	100 1/2
Libby, McNeil & Libby 7 1/2	100 1/2	100 1/2
Met. P. & E. Co. 7 1/2	100 1/2	100 1/2
N. Y. Central 7 1/2	100 1/2	100 1/2
Pfizer & Co. 7 1/2	100 1/2	100 1/2
Standard Oil of Ind. 7 1/2	100 1/2	100 1/2
Swift & Co. 7 1/2	100 1/2	100 1/2
Union Trust Co. 7 1/2	100 1/2	100 1/2
Western Electric 7 1/2	100 1/2	100 1/2
Westinghouse E. & M. 7 1/2	100 1/2	100 1/2

CURB SHARE LIST OFF TO NEW LOWS

By Special Leased Wire to The Star.

NEW YORK, June 16.—Selling was resumed on the curb exchange today both through commission houses and by special traders.

The principal pressure was again directed against the Standard Oil shares, but the downward movement was also very decided in the high-priced independent oils, some of which reached new low records for the month.

There was almost a complete absence of bids at times in stocks of the Standard Oil of New York and Vacuum Oil. Consequently it took very little selling to bring about unusually large losses.

Anglo-American Oil was heavy for a time, but later rallied on covering by traders who had sold yesterday on disappointment in the dividend declaration had not been more liberal.

Mexican Standard Oil stock and voting trust certificates both advanced. The latter was announced that the company's production for the week ending June 16 amounted to 74,000 barrels compared with 81,000 barrels the week before. Kirby Shum's Petroleum and Mutual were also easier.

Tobacco Products Heavy.
The new Tobacco Products shares sold at the lowest yet reached and held supporting orders were encountered.

Phillips Morris declined sympathetically. Durant Motors started in higher prices, but later yielded on news of a proposed increase in the company's capitalization. Packard Motors was steady, but Peoria and Elgin were inclined to sag. Radio stocks were heavy.

Washington Stock Exchange
Capital Traction 4s, 5s and 6s, 94 1/2, 94 1/2, 94 1/2.
Washington Railway and Electric Co., 10 to 30, 25 to 30.
Washington Gas Light, 25 to 30, 25 to 30.
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BONDS.
Bid and Asked Prices.

Securities	1922	1921
American Tel. & Tel. 4s	90 1/2	90 1/2
American Tel. & Tel. 4s	90 1/2	90 1/2
American Tel. & Tel. 4s	90 1/2	90 1/2
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DIVIDENDS.
Record. Payable.

Securities	1922	1921
Amer. Power & Light, q. p.	June 19	July 1
Atlantic Coast Line R. R.	June 19	July 1
Beatrice Creamery Package	June 20	July 1
Beatrice Creamery Package	June 20	July 1
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EXTRA MAHONING DIVIDEND
NEW YORK, June 16.—Directors of Mahoning Coal & Rail, majority stock of which is owned by the New York Central, have declared the regular semi-annual dividend of \$5 a share on common, payable August 1 to shareholders of record July 15, and an extra dividend of \$15 a share on common, payable July 1 to stockholders of record July 31. The usual semi-annual dividend of 2 1/2 per cent on preferred stock also was declared, payable July 1 to stockholders of record June 24.

MARINE DECLARES DIVIDEND
NEW YORK, June 16.—Directors of the International Mercantile Marine Company declared a semi-annual dividend of 3 per cent on the preferred, payable August 1 to stockholders of record July 14. Officers of the company were re-elected for ensuing year.

LIBERTY'S FEATURE 'IRREGULAR BONDS'

Special Dispatch to The Star.

NEW YORK, June 16.—Transactions today in Liberty bonds were heavy at top prices, with a new high for the first 4 1/2s. Foreign government external loans were generally strong, despite the fall in exchange rates, especially francs. French government securities, however, after their rather sharp advance of Tuesday and Thursday, held steady.

In recent dealings any appreciable decline in French francs have been accompanied by lower prices for the French bonds. United Kingdom 5 1/2s were all strong with the 1922 and 1923 loans at their best for the current movement. Belgian issues were fractionally higher, while recessions occurred in such bonds as the Dutch East Indies 6s of 1922 and the Dominion of Canada 5 per cents. The 5s of 1922 broke below 92.

Mexican Market Time.
Mexican 4s and 5s marked time pending some further announcement from the committee of international bankers on the Mexican external debt question. A final report on the situation was expected this afternoon. The steadiness of the Mexican loan indicated that a favorable adjustment was looked for.

The Treasury Department has reported the over-subscription of the recent offering of \$250,000,000 government 3 1/2 per cent one year certificates of indebtedness. The offer of 4 1/2 per cent three-and-one-half-year notes in exchange for victory 4 1/2s has been held open until June 22. A large number of victory notes have already been exchanged. It was reported.

The Bakers' Trust Company was the successful bidder at 103.675 for the \$2,000,000 5 per cent municipal improvement and \$550,000 5 per cent school bonds of the commission of public service of San Juan, Porto Rico. The bonds are being offered publicly.

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LIBERTY BOND PRICES

For \$100 Bonds Today.

Bonds	1922	1921
1st 4 1/2s	99.02	99.02
2d 4 1/2s	99.36	99.36
3d 4 1/2s	100.08	100.08
4th 4 1/2s	99.50	99.50
Victory 4 1/2s	99.54	99.54

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